



San Francisco Ethics Commission

Annual Report
July 1, 2009 - June 30, 2010

The Ethics Commission is pleased to present this report on the activities, progress, and accomplishments of its fifteenth year of operation to the Mayor, Board of Supervisors, and citizens of San Francisco.

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Chairperson

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SAN FRANCISCO ETHICS COMMISSION ANNUAL REPORT FY 2009-2010

The Ethics Commission serves the citizens of San Francisco, City employees, elected and appointed officials, and candidates for public office by enforcing the City's governmental ethics laws, providing education about their provisions, and serving as a repository for information.

The Commission acts as filing officer for campaign finance disclosure statements; audits statements for compliance with state and local laws; administers City laws regulating lobbyists and campaign consultants; investigates complaints alleging ethics law violations; serves as the filing officer for financial disclosure statements required from City officials; raises public awareness of ethics laws; researches and proposes ethics-related legislative changes; and provides ethics advice to candidates, office-holders, public officials, City and County employees and the general public.

The Commission is pledged to a high standard of excellence in government accountability, and to that end has worked not only to implement the law, but also to amend existing law or create new law that will further the principle of the voters' right to know and to ensure integrity in government decision-making and in the campaigns of those who wish to govern.

HIGHLIGHTS OF THE FIFTEENTH YEAR

The Commission delivered a diverse array of work products and services to the citizens of San Francisco, managing to meet its mandates during a year of budget cutbacks and other resource limitations:

- Enforced reporting requirements for political committees, campaign consultants, lobbyists, and City officials;
- Conducted compliance audits of candidate and ballot measure committees;
- Continued the constant review of the Campaign Finance Reform Ordinance, making recommendations to the Board of Supervisors on changes to strengthen, clarify, and update campaign finance law. Drafted and adopted regulations to implement such changes;
- Implemented a host of improvements to the Lobbyist Ordinance that were adopted in the previous reporting year;
- Acted to extend its electronic filing partnership with Netfile for another three years;
- Conducted on-going sessions of its educational program on conflicts of interest, incompatible activities, candidate and treasurer information, campaign finance, public finance, on-line filing, lobbying, and other issues under its jurisdiction. Initiated a new on-line training program so that classes and training will be available in many areas for Ethics Commission clients to use at their convenience;
- Conducted a review of the 36 Advance Written Determinations provided under the rules of Statements of Incompatible Activities for the prior reporting year;

- Provided informal written or oral advice and responded to requests for informal and formal written advice letters;
- Added improvements to the new web site at www.sfethics.org and continued to extend the nature and number of documents available on-line;
- Facilitated interested persons meetings for the general public to provide input on issues under consideration by the Commission;
- Conducted hearings on requests for waivers from conflict of interest laws;
- Considered and adopted or provided comment on legislative changes recommended by the Board of Supervisors;
- Responded to hundreds of citizen inquiries; and
- Conducted an in-depth policy analysis and followed through with a number of policy updates and changes. Set the following policy priorities for the Commission and staff:
 1. Education and Communication with the General Public
 2. Enforcement
 3. Campaign Finance
 4. Conflicts of Interest
 5. Campaign Consultant Ordinance

MANDATES AND ACCOMPLISHMENTS OF THE COMMISSION

The Commission's work covers ever-growing responsibilities, demanding consistent innovation in this extended period of budget shortfalls that impact funding and personnel. The Commission uses a five-year planning format to meet the dual needs for the Commission to satisfy its existing mandates and to expand its abilities to regulate campaign finance activities and conflict-of-interest laws. The five-year plan is personnel-based and is adjusted yearly in consideration of budgetary influences, the creation of new laws and regulations under the Commission's jurisdiction, and housekeeping issues related to equipment, software and office space. In the long-term, the Commission estimates that it will require more than 30 staff members to provide top-quality service. The Commission remains committed to a sensible growth structure towards this goal.

Campaign Finance Regulation and Reporting

The Commission enforces the City's Campaign Finance Reform Ordinance (CFRO), San Francisco Campaign and Governmental Conduct Code section 1.100 et seq., which sets voluntary ceilings on campaign expenditures by candidates and imposes mandatory limits on contributions to candidates.

The Commission regularly reviews the operation of the CFRO, as well as the other City ordinances under its jurisdiction, enacts enabling regulations, and proposes substantive and operational changes. It also advises on amendments proposed by the Board of Supervisors. For the third time in five years, the Commission conducted an extensive review of the Ordinance.

Under this review, the Commission adopted the following changes, in addition to a number of minor and technical changes:

1. **Definitions:** Amended section 1.104 related to the definitions of candidate, candidate committee, City elective office, controlled committee, election, general purpose committee, independent expenditure, itemized disclosure statement, mass mailing, matching contribution, measure, member communication, qualifying contribution, surplus funds, total supportive funds, trust account limit, unexpended public funds, and withdrawal. In general, the amendments conformed CFRO's definitions to the state law definitions for identical or similar terms.
2. **Trust Accounts and Contingency Accounts:** Amended section 1.108 to eliminate the requirement that a candidate committee provide its bank account number to the Ethics Commission. State law already requires candidate committees to provide such information on a statement of organization (FPPC Form 410). The amendments also clarified that elected officeholders may not open a separate bank account for the purpose of making officeholder expenses, and that a candidate committee may only deposit funds in a Campaign Contingency Account if the amount of funds in the Campaign Contribution Trust Account has reached the Trust Account Limit.
3. **Electronic Filing:** Amended section 1.112 to differentiate between campaign finance statements required by state versus local law. Statements required by state law must be filed electronically and on paper; certain statements required by local law must only be filed electronically. The amendments also incorporated state law definitions of what constitutes a "local" committee. The amendments further authorized the Ethics Commission to require additional committees, beyond those currently set forth in the ordinance, to file electronically.
4. **Reporting During Signature Gathering:** Amended section 1.113 to provide that each committee supporting or opposing local initiative, recall or referendum petitions must disclose its activity at uniform times each month during the signature-gathering period.
5. **Use of Campaign Funds:** Amended section 1.122(b) to clarify that local candidate committees are prohibited from making contributions to support or oppose state propositions. The amendments also provided that withdrawn, defeated, or departed candidates may use campaign funds to pay debts and other costs associated with closing a committee.
6. **Voluntary Expenditure Ceilings:** Amended section 1.128 to provide that only candidates for Assessor, City Attorney, District Attorney, Public Defender, Sheriff, School Board, and City College Board may accept a voluntary expenditure ceiling (VEC). The Voter Information Pamphlet no longer lists candidates who have accepted a VEC; the Ethics Commission instead maintains a website that lists those candidates. Candidates for the Board of Supervisors and Mayor may no longer accept VECs. If they participate in the public financing program, those candidates must accept individual expenditure ceilings (IECs).
7. **Amount of Voluntary Expenditure Ceilings:** Amended section 1.130 to adjust the VECs for inflation. The VEC for Assessor, City Attorney, District Attorney, Public Defender, Sheriff, and Treasurer increased to \$243,000. The VEC for School Board and City College

Board increased to \$104,000.

8. **Lifting of Voluntary Expenditure Ceilings:** Amended section 1.134 to provide that if a candidate who has accepted the VEC actually spends more than the VEC – thus violating section 1.128 – the Ethics Commission will lift the VEC for competing candidates.
9. **Pre-election Statements:** Amended section 1.135 to provide that in even-numbered years, the schedule for the filing of pre-election statements is the same as the schedule established for such filings by the Fair Political Practices Commission. For odd-numbered years, committees continue to be subject to the current schedule set forth in the CFRO.
10. **Amount of Individual Expenditure Ceilings:** Amended section 1.140 to adjust the IECs for inflation. The initial IEC for supervisorial candidates increased to \$143,000, and the initial IEC for mayoral candidates increased to \$1,475,000.
11. **Disbursement of Public Financing Funds:** Amended section 1.144 to provide that the Controller must disburse public funds within one business day only within the last fifteen days of an election, rather than the last sixty. The amendments also clarified that a candidate may not simultaneously submit multiple claims for public funds.
12. **Audits:** Amended section 1.150(a) to confirm that the Executive Director may initiate additional audits irrespective of whether the committees received public funds.
13. **Supplemental Reporting in Publicly Financed Races:** Amended section 1.152 to clarify that the thresholds for third-party reporting operate on a per-candidate basis. The amendments also broadened the scope of supplemental reporting to include all communications that clearly identify a candidate, rather than relying on the third party's determination of whether the communications support or oppose a candidate.
14. **Mass Mailings:** Amended section 1.161 to provide that a committee is not subject to the mass mailing filing requirements if it is already filing disclosures regarding the same communication under another CFRO provision.
15. **Electioneering Communications:** Amended section 1.161.5 to provide that a committee is not subject to the electioneering communication filing requirements if it is already filing disclosures regarding the same communication under another CFRO provision. The amendments also eliminated an exception to the definition of "electioneering communication" to provide that committees' "expenditures" may be electioneering communications.
16. **Statute of Limitations:** Amended section 1.168(c)(3) to provide that the statute of limitations for administrative action by the Ethics Commission is four years. The amendment conforms the limitations period for CFRO violations to the limitations periods governing other ordinances within the Ethics Commission's jurisdiction.

17. **Maintaining Records:** Added section 1.109, which provides that local committees must maintain records – for audit purposes – according to the standards set forth in state law. Section 1.109 also provides that committees must provide those records upon request by the Ethics Commission.
18. **Subpoena authority:** Added section 1.171, which provides that the Ethics Commission – including its Executive Director – may issue subpoenas in furtherance of its duties under the Charter, including, but not limited to, audits.
19. **Renumbering and Reorganizing CFRO Provisions:** Re-numbered section 1.134.5, addressing when and how the Ethics Commission adjusts IECs, as section 1.143. The new section 1.143 also incorporated inflation-adjusted IECs for mayoral and supervisorial candidates. The legislation also re-numbered section 1.158, authorizing the Ethics Commission to adopt implementing regulations, as section 1.175. The legislation also deleted section 1.160, which explicitly states that nothing in CFRO is intended to limit a candidate's fines or penalties imposed in other administrative or judicial proceedings. The amendments replicate the same language in section 1.170(g).
20. **Transfer of Contributions:** Clarified that a candidate committee would not violate the committee's trust account limit if it transfers excess contributions to the candidate's campaign contingency trust account within two business days of depositing those contributions.

Under the Charter, the Commission serves as filing officer for five categories of local candidates and committees:

1. Candidates seeking election to local office and their controlled committees,
2. Committees formed or existing primarily to support or oppose candidates seeking election to local office,
3. Committees formed or existing primarily to support or oppose qualification or passage of a ballot measure being voted on only in San Francisco,
4. County general-purpose committees active only in San Francisco, and
5. Candidates and candidate committees for county central committee office.

As filing officer, the Commission promotes compliance by candidates and committees and maintains records of reports filed. It audits campaign statements and imposes penalties for failure to adhere to filing deadlines and reporting requirements. It also distributes the fine policy to all filers and imposes fines for late statements.

Regular semi-annual filings for active committees took place on July 31, 2009 and January 31, 2010. Quarterly filing deadlines occurred on October 31, 2009 and April 30, 2010 for committees primarily formed to support or oppose a ballot measure(s) not yet voted upon. The Commission reminded committees of the deadlines, sent out notices to delinquent filers, and posted reports on its web site, www.sfethics.org.

Staff continued to send out advance notices through mail, email and phone calls in order to reduce the number of late filings.

Public Financing

San Francisco's public financing program for candidates for the Board of Supervisors was adopted through a ballot measure (Proposition O) in November 2000. The Commission administered the public financing program in elections for candidates for the Board of Supervisors in 2002, 2004, 2006 and 2008. The Commission also began administration of the program for the November 2010 election; in addition, staff answered questions related to the public financing program for Mayor that will occur in 2011. Readers who wish to know more information about the public financing program are encouraged to read the reports on the Commission web site at:

<http://www.sfethics.org/ethics/2009/05/campaign-finance.html>

Staff continued to provide extensive outreach and education on the program and its requirements.

Audit Program

The California Political Reform Act of 1974 and the City's CFRO require officeholders and candidates as well as campaign committees that support or oppose ballot measures or candidates to file finance statements disclosing campaign contributions and expenditures made in connection with a campaign.

The Commission serves as filing officer for statements required to be filed locally. The statements cover disclosure of monetary and non-monetary contributions including loans and enforceable promises, expenditures, unpaid bills and miscellaneous increases to cash. Filers must also keep detailed records of receipts and expenditures of \$25 or more.

The Commission audits the statements for compliance. Its process is outlined in an audit manual available to the public. Filers are selected for audit by random drawing at Commission meetings, or are targeted based on preliminary staff reviews. In addition, all publicly financed candidates are audited.

Sunshine Ordinance Declarations

The San Francisco Sunshine Ordinance requires department heads and commissioners who are required to file Statements of Economic Interests (SEIs) with the Ethics Commission to sign an annual declaration stating under penalty of perjury that they have read the Sunshine Ordinance and have attended, or will attend, an annual training on the Sunshine Ordinance. The training program is and remains available on the City Attorney's web site and can be accessed from the Commission's web site.

The adoption of the Netfile system enabled the Commission to provide for on-line filing of SEIs. In addition, the Commission has scanned the SEIs so that they are available for view on the Commission's website.

Lobbyist Registration and Reporting

Lobbyists are required by ordinance to register with the City and file monthly reports of any activity intended to influence local legislative or administrative action. The Commission reviews lobbyist statements to ensure completeness and accuracy.

The Commission summarizes statements in monthly reports it issues soon after the filing deadlines. The reports are posted on the Commission's web site.

During its previous extensive review of the Lobbyist Ordinance, the Commission determined that it would move to an electronic filing format which took effect on January 1, 2010. Complementing this decision, the Commissioners adopted the following major changes in the lobbyist program during the prior reporting year. These changes and upgrades were instituted on January 1, 2010 and are proving highly beneficial:

- Approved amending the Ordinance to state that providing oral information to a City officer in response to a request from that officer is not a contact for the purpose of determining whether the person providing the information qualifies as a lobbyist. But a person who otherwise qualifies as a lobbyist must report such a communication as a contact.
- Approved amending the Ordinance to provide that a communication seeking the status of an action is not a contact for the purposes of qualifying as a lobbyist. A person who otherwise qualifies as a lobbyist must report the communication as a contact if it is a communication to influence local legislative or administrative action under section 2.105(d)(2)(B).
- Approved amending the Ordinance to narrow the exception for expert communications such that only a person providing purely technical data, analysis or expertise in the presence of a registered lobbyist is not making a “contact” under the Ordinance.
- Approved amending the Ordinance to provide that a person negotiating the terms of a contract after being selected to enter into a contract with the City is not making a “contact” under the Ordinance.
- Approved amending the Ordinance to provide that a person appearing as a party or a representative of a party in an administrative adjudicatory proceeding before a City agency or department is not making a “contact” under the Ordinance.
- Approved amending the Ordinance to state that a person communicating on behalf of a labor union representing City employees regarding the establishment, amendment, or interpretation of a collective bargaining agreement (CBA) or memorandum of understanding (MOU) with the City, or communicating about a management decision regarding the working conditions of employees represented by a CBA or MOU is not making a “contact” under the Ordinance.
- Approved amending the Ordinance to provide that, unless representing a client, a person participating in a public interested persons meeting, workshop or other forum convened by a City department for the purpose of soliciting public input is not making a “contact” under the Ordinance.

- Approved amending the Ordinance so that the term “economic consideration” does not include salary, wages or benefits furnished by a federal, state or local agency.
- Approved amending the Ordinance to create a single category of lobbyists. A lobbyist would be defined as any individual who receives or is promised \$3,000 or more in economic consideration within three consecutive months for lobbyist services and makes at least one contact with a City officer on behalf of the person(s) providing the economic consideration.
- Approved amending the Ordinance to require any individual who qualifies as a lobbyist to register with the Ethics Commission no later than five business days after qualifying as a lobbyist and, in any event, prior to making any additional contacts with any City officer.
- Approved amending the Ordinance to require lobbyists to disclose activities on a monthly basis, and a Commission policy to revisit the frequency and timing of filing requirements within six months of the date of implementation of an electronic filing system; lobbyists will also be required to disclose the dates of their contacts with City officers.
- Approved amending the Ordinance to require lobbyists to disclose information such as the local legislative or administrative action that they sought to influence, including, if any, the time and file number of any resolution, motion, appeal, application, entitlement, or contact, and the outcome sought by the client, as well as the economic consideration received or expected by the lobbyist from each client during the reporting period.
- Approved amending the Ordinance to require disclosure of additional information regarding political contributions made, arranged, or delivered by a lobbyist or made by a client at the behest of the lobbyist or lobbyist’s employer, including the amount and date of the contribution, name and street address of the contributor, contributor’s occupation and employer, or if self-employed, the name of the contributor’s business, and the committee to which the contribution was made.
- Approved amending the Ordinance to require lobbyists to undergo a training during the first year of registration and thereafter as necessary as determined by the Executive Director.

The Commission amended the Lobbyist Ordinance regulations during the reporting year to:

- clarify that a person communicating with a City officer on behalf of a labor union is making a contact under the Ordinance unless the communication relates to the working conditions of employees represented by a collective bargaining agreement or memorandum of understanding with the City;
- require a lobbyist to supply a digital color photograph to aid identification;
- permit a business, firm or organization to register and file reports on behalf of individual lobbyists; and
- require each lobbyist to register and submit information required under the Ordinance using the Commission’s online filing system.

Campaign Consultant Registration and Reporting

The Regulation of Campaign Consultants Ordinance, passed in 1997, requires anyone who earns \$1,000 or more in a calendar year from activity as a campaign consultant to register with the City and submit quarterly reports.

Campaign consultants are required to report names of clients, services provided, payments received, contributions and gifts made to local officials, and other information. The Commission prepares summaries of the quarterly filings, posts them on the web site, and publishes a manual. For the reporting year, there was an average of 27 registered consultants reporting over \$2.1 million in earnings for the fiscal year.

The Campaign Consultant Ordinance is the result of a voter referendum and therefore is not subject to changes without additional voter approval. In the coming fiscal year, the Commission plans to review the Ordinance and propose changes that will likely go on the ballot in the coming year.

Investigations and Enforcement

The San Francisco Charter charges the Ethics Commission with authority to investigate alleged violations of laws governing campaign finance, lobbying, conflicts of interest, and government ethics. In addition, the Improper Government Activities Ordinance, also known as the Whistleblower Ordinance, directs the Commission to investigate charges of retaliation directed against complainants.

During the course of the fiscal year, staff resolved 21 cases.

Education and Outreach

The Commission has a strong institutional commitment to educate the public about San Francisco's ethics laws and to support campaign reform and government accountability efforts consistent with City policy throughout the state and elsewhere.

It conducts ongoing informational programs about ethics-related laws and requirements. It produces educational materials and actively publicizes its outreach activities through public notices.

During the course of the reporting year, staff conducted 25 workshops and meetings. While this reflects a decrease in number of trainings from the previous year, workshops and classes conducted have received excellent feedback for their usefulness and applicability to the subjects covered. The reduction in number from last year is due to several factors. First, most interested agencies have completed staff training on Statements of Incompatible Activities. Next, staff has been concentrating on taping training modules so that they are available online for individual training; some of these are currently available online, others will be available in the foreseeable future. Finally, the Educator/Outreach Coordinator took on the additional tasks of administering

the Statements of Economic Interests and Sunshine Ordinance filings, which placed great demands on her resources, leaving less time available for workshops and training.

The Commission works to educate City and County employees in individual departments regarding ethics rules with a focus on conflict of interest laws. Commission staff has created – and constantly updated presentations that instruct civic employees on the several laws – local and state – that prescribe conflict of interest rules. While complex, these trainings help present the requirements in a common-sense approach. The feedback from such presentations has been quite positive and the Commission will endeavor to continue such outreach on an ever-wider basis as staffing levels allow.

Advice and Opinions

The Commission is charged with interpreting and applying the conflict laws under its jurisdiction, requiring that it consider requests for waivers, which it routinely does, and that it issue formal and informal written advice on matters requiring interpretation.

Commission staff is available each workday to answer public inquiries about San Francisco ethics laws. During the course of the year, the number of inquiries run into the hundreds. In the fiscal year, the Commission issued one formal advice letter regarding post-employment restrictions.

Electronic Advances

The Commission continues to enjoy positive feedback regarding the quality and user-friendliness of the online filing system (provided through a contract with Netfile). In addition to the updates to the Lobbyist filing system detailed elsewhere in this report, the Commission and Netfile continue working together to improve the system and advance its capabilities.

During this reporting year, usage of the web site was impressive:

- Users visited the system 52,650 times during the year;
- There were 138,846 “pageviews” of the website; and
- The most frequently accessed section of the site was “Laws and Advice.”

POLICY RECOMMENDATIONS

The Commission is charged with making policy recommendations on issues under its jurisdiction. The Commission endeavors to create new legislation that makes campaign finance and ethics laws and regulations more effective while being easier to comprehend and also works as a partner with the Board of Supervisors in effecting positive changes to the Administrative Code, the Campaign and Governmental Conduct Code and other statutes governing the City. It has been energetically reviewing the breadth of its mission and continuously prioritizes its work as need and progress require.

The Commission seeks at all time to be proactive in its work, its outreach and its relations. For this particular year, the Commission determined that the following were areas of priority for the Commission to consider and improve.

1. Education and Communication with the General Public
2. Enforcement
3. Campaign Finance
4. Conflicts of Interest
5. Campaign Consultant Ordinance

Education and Communication with the General Public – the Commission held multiple discussions regarding its needs and capabilities in these areas. While the general consensus among the Commissioners was that these priorities are being adequately addressed, the Commission also directed staff to work on enhancing outreach efforts and to look for additional methods of improving communications. Among those efforts currently under use by the Commission to achieve satisfactory public communications are:

Interested Persons List: The Interested Persons List is a mailing list to obtain press releases and meeting agendas. The public may join the Interested Persons List by completing a form available on the Commission’s web site. In the past, interested persons needed to sign-up only once to stay on the list permanently. This generated a large amount of returned postal mail due to old addresses, or in the case of electronic communication, bounced e-mails for e-mail addresses that no longer exist. In response, staff began sending out annual surveys to confirm that people on the list are still interested in receiving mailings. Interested persons who did not respond to the survey were removed from the list.

Interested Persons Meetings: Interested persons may also choose to attend Interested Persons Meetings, which in the past have covered topics such as proposals to amend the Campaign Finance Reform Ordinance, the Lobbyist Ordinance, and other laws or to upgrade the electronic filing system. Meeting notices are distributed via the Interested Persons Mailing List and on the Internet via the Commission’s web site and other avenues

Internet Outreach: Last year, staff launched a new web site designed, among other things, to increase its outreach to the community. The new web site publishes updates regarding the Commission’s work on a variety of social networks, subscription services, and external web sites that allow the public to follow the Commission’s work without regularly checking the Commission’s web site. Some of the available Internet services include:

Twitter: Over 150 members of the public and organizations receive updates regarding the Commission’s work on Twitter. Twitter users can also receive updates via text messages to a mobile phone.

Facebook: Over 200 members of the public and organizations receive updates regarding the Commission’s work and view the Commission’s calendar on Facebook.

RSS (Really Simple Syndication) Feeds: Updates to the Commission’s web site are published via a web subscription method known as RSS. The public can subscribe to all new postings to the web site, or for a variety of subsections of the site including: advice letters, agendas, audits, events, education and training opportunities, gifts of travel filings, minutes, meeting recordings, news, payments made at the behest of an elected officer filings, and lobbyist disclosure report filings. Some of the RSS feeds can be followed by users of Yahoo and Google’s home page portal services using “widgets” developed by Commission staff. RSS feeds are open and available for other web sites to redistribute.

Audio Recordings and iTunes: Since June 2009, audio recordings of Commission meetings have been published on the web as a podcast and are accessible in the iTunes Podcast Directory. Audio recordings are usually posted to the Internet within 24-48 hours of the meeting. The public can subscribe to the podcast to receive notification when new recordings are available and listen to meetings on computers, mobile phones, and a variety of audio devices.

Video trainings and YouTube: Staff has developed trainings on video that members of the public and City staff can view from their office or home on the Commission’s web site or YouTube channel. The public can subscribe to the Commission’s channel to receive updates when new trainings are available. Trainings can be viewed on computers, mobile phones, and a variety of devices that connect to the television.

Calendar of Events: A calendar is available on the Commission’s web site to track important deadlines, interested persons meetings, training opportunities, events, and Commission meetings. The calendar can be viewed on the Commission’s web site, or the public can subscribe to the calendar and receive updates automatically from within their own calendar application or on their mobile phone.

Enforcement – the Commission conducted reviews of enforcement procedures on two tracks during the year: enforcement regulations related to non-Sunshine Ordinance complaints and enforcement regulations dealing with Sunshine Ordinance Task Force (SOTF) referrals.

The following changes were adopted to enforcement procedures:

- Conformed the definition of “delivery” throughout the regulations and streamlined the actual delivery process, which reduces financial cost incurred by staff;
- Provided respondent additional notice of hearing and additional time to prepare responses to probable cause reports;
- Maintained transparency of complaints referred to Commission by the SOTF in Probable Cause Hearings (“PCH”);
- Established standards of proof for PCH and Hearing on the Merits (“HOTM”);
- Eliminated live witness testimony at PCH to expedite hearing process and preserves respondent’s right to appear and have counsel;
- Provided objective basis for making determination at both stages;
- Clarified that HOTM has higher threshold of proof than PCH;
- Provided for situations where staff discovers additional allegations during investigation and allows amendments to probable cause determinations;

- Designated the Accusation as the official charging document to clarify exact charges that the respondent is facing;
- Provided timely notice for respondent;
- Broadened and clarified process of resolution of preliminary and procedural matters;
- Allowed staff to dismiss charges that it does not intend to pursue;
- Conformed with current court practice and recent Commission practice regarding of exclusion of witnesses during HOTM;
- Provided clarity on Charter's confidentiality rules for Ethics investigations; and
- Distinguished complaints referred to the Commission by the SOTF.

A separate set of proposals dealing with referrals from the SOTF is pending at the time of this report.

Campaign Finance – conducted the above referenced review of CFRO as well as adopted technical enhancements to the Public Finance Program. (See discussions above.) The Commission will consider refinements and modifications to the CFRO once the November 2010 election is over.

Conflicts of Interest – completed several trainings on Statements of Incompatible Activities. Also, during the year, the Commission approved of legislation that:

- renamed Chapter 2 of the San Francisco Campaign and Governmental Conduct Code as the “Government Ethics Ordinance” or “GEO;”
- clarified the definition of “officer” under the GEO;
- clarified the application of conflict of interest provisions to City officers;
- amended the ban on contracting under section 3.222 to permit officers to enter into settlement agreements and allow the Ethics Commission to waive the ban; and
- adopted a set of amendments to extend the ban on gifts from restricted sources and the ban on gifts from subordinates to include loans.

Campaign Consultant Ordinance – Staff has not conducted any work in this area, but is preparing to conduct a full review during the 2010/2011 Fiscal Year.

Lobbyists and Campaign Consultant Ordinances – As stated earlier, the Campaign Consultant Ordinance would require the approval of the voters; the Commission may choose in the future to offer a ballot measure on this subject. The exhaustive Lobbyist Ordinance proposals approved by the Commission involved not only a numerous Commission meeting hours but also a number of Interested Persons Meetings, one-on-one meetings and telephone calls, a great deal of public input and lots of background research by staff. Staff expects to follow the same procedures with respect to initiating changes in the Campaign Consultant Ordinance. The result is expected to be a better campaign consultant program with more transparency and easier-to-attain and understandable information about who is providing management and strategic services to candidates and ballot measures in San Francisco.

AFFILIATIONS

The Commission is a member of the Council on Governmental Ethics Laws (COGEL) but due to budget limitations no longer attends the annual convention.

BUDGET

The Commission's annual approved budget totals are as follows:

FY 94 – 95	157,000
FY 95 - 96	261,000
FY 96 - 97	313,274
FY 97 - 98	394,184
FY 98 - 99	475,646
FY 99 - 00	610,931
FY 00 - 01	727,787
FY 01 - 02	877,740
FY 02 - 03	1,156,295
FY 03 - 04	909,518
FY 04 - 05	1,052,389
FY 05 - 06	1,382,441
FY 06 - 07	8,416,109* (1,711,835 non-grant funding)
FY 07 - 08	3,592,078 (2,261,877 non-grant funding)
FY 08 - 09	5,453,874 (2,241,818 non-grant funding)
FY 09 - 10	6,011,566 (2,283,368 non-grant funding)

*Includes 6,704,274 front-loaded funding for Mayoral Election Campaign Fund

The Commission actually received an approximate 9% increase in its budget at a time when the City was required to institute many severe cuts in order to achieve a balanced budget. Although there was an overall increase in funding, there was a \$17,254 cut (1%) in the salaries and wages account.

MEMBERSHIP AND ADMINISTRATION

Commission membership was as follows:

<u>Commissioner</u>	<u>Appointed By</u>	<u>Dates of Service</u>
Jamienne S. Studley	City Attorney	1-2007 to 2-2008 2-2008 to 2-2014
Eileen Hansen	Board of Supervisors	2-2005 to 2-2011
Susan J. Harriman	Mayor	3-2006 to 2-2012
Charles L. Ward	District Attorney	7-2006 to 2-2007

2-2007 to 2-2013

Emi Gusukuma	Assessor	3-2004 to 2-2010
Benedict Y. Hur		3-2010 to 2-2016

Commissioner Jamie Studley was re-elected to serve a second term as Chair beginning in February 2010 and Commissioner Susan Harriman was re-elected to a second term as Vice-Chair.

The Ethics Commission had a staff of eighteen, supported by temporary staff and interns throughout the year. Staff included Executive Director John St. Croix; Deputy Executive Director Mabel Ng; Assistant Deputy Director Shaista Shaikh; Auditors John Chan, Menaka Mahajan (*left the Commission July 2009*) and Selina Chan (*left the Commission October 2009*); Public Finance Clerk Marvin Ford; Office Manager Jen Taloa; Campaign Finance Officer Jarrod Flores; Fines Collection Officer Oliver Luby (*left the Commission June 2010*); Campaign Finance Assistants Christian Narvaez and Demarie Dizon (*both left Commission November 2009*); Chief Enforcement Officer Richard Mo; Assistant Investigators Paul Solis (*left Commission August 2009*), Garrett Chatfield and Catherine Argumedo; Investigations Clerk Carmen Torres (*left Commission November 2009*); IT Officer Steven Massey; and Education and Outreach Coordinator Judy Chang. Joining the Commission Staff this year were Auditors Angeles Huang and Amy Li (*both joined the staff in January 2010*) and Campaign Finance Staffer Teresa Shew (*December 2009*) and Fines Collection Officer Ernestine Braxton (*June 2010*). Temporary staff included Campaign Finance Assistants Felipe Colin and Harley Chea. In addition to the above, interns included: Johnny Hosey, a graduate of San Francisco State University; Rose Chan, a graduate of USF Law School; Alisha Meyer and Jordan Beal, students at the University of San Francisco; Jane Kim of Georgetown University and Finn Gardiner, who was sponsored by Larkin Street Youth Services.

FUTURE INITIATIVES

The Commission will continue to fulfill its mandated duties in the forthcoming years, with a particular focus on achieving the following priority objectives:

- The Commission is dedicated to increasing public confidence in its mission and to delivering fairness both in its actions and the perception of its actions.
- The Commission will actively demonstrate its commitment to the education of the public, the regulated community, the City's leadership body and the employees of the City and County through continued educational forums, seminars, on-line tutorials and other outreach mechanisms in order to strengthen both the understanding of and adherence to the laws under the Commission's jurisdiction.
- The Commission will continue the ongoing process of reviewing, updating and renewing the Campaign Finance Reform Ordinance in order to keep pace with changes in policy, technology, civic needs and campaign modernization.
- The Commission will expand its communications and improve its relations with the general public and work to ensure that there is general understanding in the community about the Commission's work, mission and decision-making processes.

- The Commission will work continually to expand the scope of its enforcement and investigation activity, to analyze the needs and accomplishments in this area and to make productive use of staff and other resources.
- The Commission will place new emphasis on resolving conflicts of interest and also the appearance of conflicts of interest by City agencies, officials, department heads and candidates and campaigns through both the education and investigations processes.
- The Commission will implement changes to the Lobbyist Ordinance and conduct a review of the Campaign Consultant program in order to seek improved regulations and reporting requirements.
- The Commission will continue to work with various City departments, boards and commissions to inform members and employees of the various ethics rules that govern them. The Commission and staff will take advantage of training, education and other opportunities that will help advance its capabilities.
- The Commission will endeavor to provide timely and comprehensible advice.
- The Commission will work to secure sufficient budget resources to meet its mandates.
- The Commission will continue to monitor the application of laws within its jurisdiction and will continue to propose amendments and regulations as appropriate.

Respectfully Submitted,

John St. Croix, Executive Director

Attachment One

During FY 09-10, staff provided or participated in 25 trainings or meetings related to matters within the jurisdiction of the Ethics Commission. The number of trainings or meetings was fewer than the 71 that occurred during the prior fiscal year. This reduction was caused in part by the need of the Training Officer to administer the Statement of Economic Interests (SEI) and Sunshine Declaration Programs, which resulted from staffing changes that impacted the Commission. In addition, the training officer also spent time creating online training programs that will eventually lessen the need for live trainings.

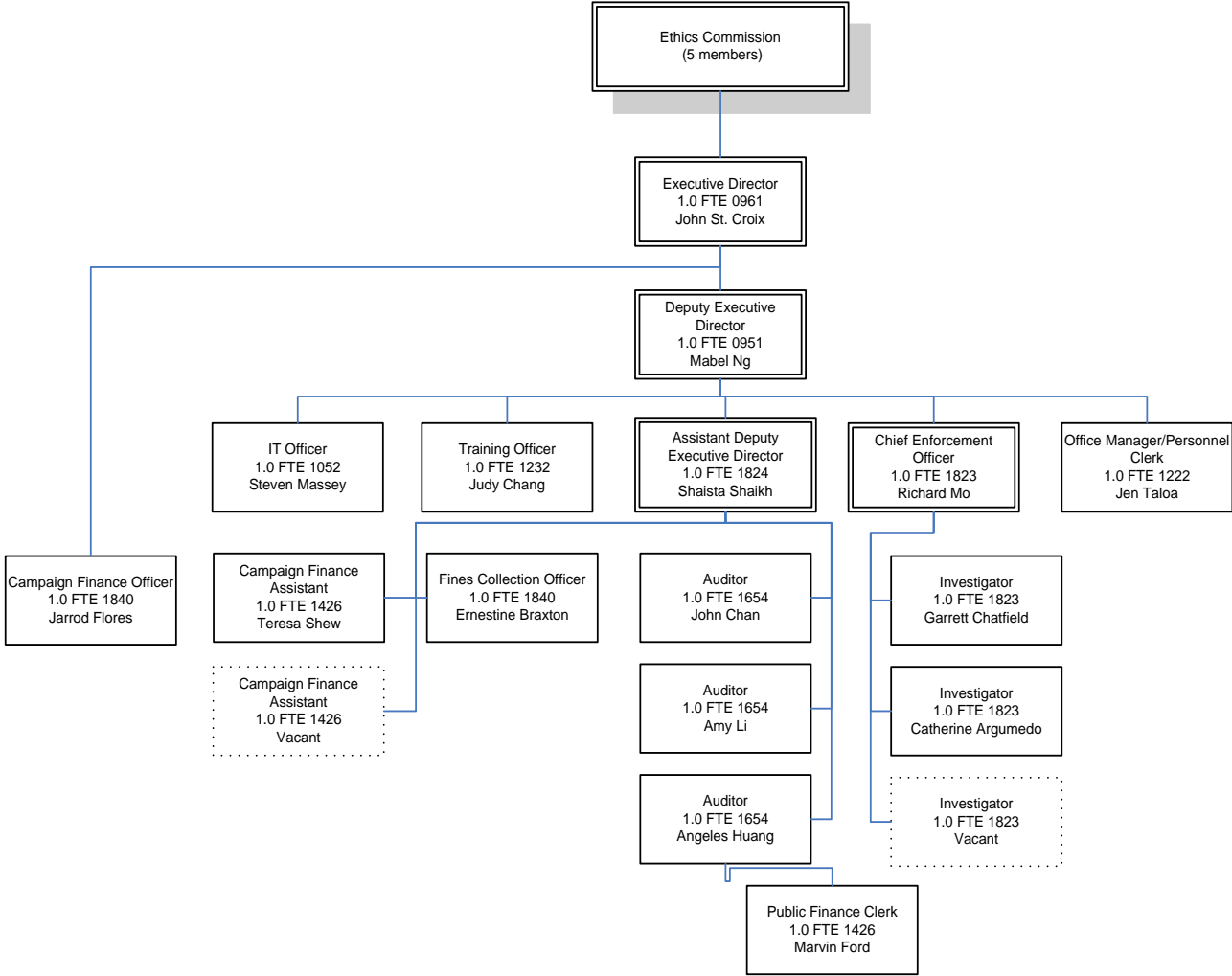
Date	# of Trainings or Meetings	Training Name and Description
July 17 and 28, 2009	2	Staff held interested persons meetings on possible changes to the Campaign Finance Reform Ordinance.
August 24, 2009	1	Staff met with a delegation of representatives from Shaanxi Province, People’s Republic of China. The delegation sought to learn about promoting the highest standards of ethical behavior in government; new laws, rules and programs that will lead to ethics compliance; and ethics education and training.
September 8, 2009	1	Staff conducted a Candidates’ Training which covered filing requirements for potential candidates for the City elective offices of City Attorney and Treasurer. This training focused on campaign finance requirements that apply to candidates for all City elective offices and focused on required forms for candidates.
October 8, 2009	1	Staff met with a delegation from the Republic of Moldova, a landlocked Eastern European country located between the Ukraine and Romania. The group, sponsored by the Institute of International Education, was interested in obtaining information about local governments.
September 22, and September 25, 2009	2	Staff conducted a training for Treasurers of Non-Candidate Recipient Committees who were interested in fulfilling the training requirement under the Campaign Finance Reform Ordinance. The training for Treasurers of Non-Candidate Recipient Committees covers campaign finance requirements for treasurers and representatives of general purpose committees, ballot measure committees, and primarily formed candidate committees. The training fulfills a requirement that new and existing treasurers—and assistant treasurers who sign and verify campaign statements—attend a training conducted by the Ethics Commission after filing an original or amended Statement of Organization designating a new treasurer.
September 25, 2009	1	Staff conducted a Candidates’ Training which covered filing requirements for potential candidates for the City elective offices of City Attorney and Treasurer. This training focused on campaign finance requirements that apply to candidates for all City elective

		offices and focused on required forms for candidates.
September 28, 2009	1	Lobbyist Ordinance Training was cancelled due to lack of interest. Another Lobbyist Ordinance Training will be offered in December 2009.
October 22, 2009	1	Staff met the Amabat Erdenebat, Head of the Investigation Department and Commissioner of the Independent Authority Against Corruption of Mongolia. Mr. Amarat was sponsored by the Institute of International Education, which designs and implements professional programs and provides cultural activities and home hospitality opportunities for foreign leaders, specialists and international scholars participating in the Department of State's International Visitor Leadership Program.
November 2, 2009	1	Staff met with a delegation of representatives of governmental and non-governmental organizations in Tanzania and Uganda. The delegation of 10 visitors, along with two translators, was invited to the United States under the Department of State's International Visitor Leadership Program to explore the U.S. election system and government. The meeting was an opportunity for them to observe the activities of grassroots citizen action groups that interact with elected officials to influence political, social and economic change at the municipal, state and national level; and to obtain information about the role and structure of ethics in government in the U.S. and the principles underlying transparency and accountability.
November 3, 2009	1	Staff met with the managing editor and reporters from Mission Local, a project of the Ford Foundation and UC Berkeley School of Journalism. The group was interested in gathering information about the City's departments, boards and commissions.
November 6, 2009	1	Staff met with a delegation of 20 members from the China Ninxia Public Administration Training Group. The delegation was hosted by the U.S. – China Exchange Council, a California non-profit that has exchanged delegates between the U.S. and China for education and friendship development purposes. The group was interested in discussing the work of the Ethics Commission, conflicts of interest, government integrity and the prevention of corruption.
November 24, 2009	1	Staff met with a delegation of 15 members of the China Academy of Social Science Training Group, which was also hosted by the U.S. – China Exchange Council.
December 4, 2009	1	Staff facilitated a Governmental Ethics and Statement of Incompatible Activities (SIA) Training to the Department of Children, Youth, and Their Families.
December 11, 2009	1	Staff met with a delegation of six representatives from the municipal government of Xiamen, Fujian, China. The delegation was hosted by the U.S. – China Exchange Council, a California non-profit that has exchanged delegates between the U.S. and China for education and friendship development purposes. The group was interested in discussing the work of the Ethics Commission, campaign finance and

		conflicts of interest.
December 15, 2009	1	Staff met with 24 representatives of the Dongcheng District of the Municipality of Beijing, China. The delegation was sponsored by the Triway International Group, headquartered in the greater Washington D.C. area, which provides professional training and visitor programs for Chinese delegations in the U.S.
January 12, 2010	1	Staff provided a Candidates' Training.
January 13, 2010	1	Staff provided a Lobbyist Ordinance Training.
January 25, 2010	1	Staff facilitated a Interested Persons Meeting to address follow-up questions from the Lobbyist Ordinance Training.
March 3, 2010	1	Staff provided a County Central Committee Candidates' Training for candidates running for county central committee seats in the June 2010 election.
March 15, 2010	1	Staff met with a delegation of 23 visitors from the province of Liaoning, China. The delegation, sponsored by the Triway International Group, discussed ethics issues and investigations.
April 26, 2010	1	Staff met with a delegation of representatives from Turkey, whose visit to the U.S. was sponsored by the State Department's International Visitor Leadership Program. The purpose of the trip was to facilitate a greater understanding of U.S. policies, rationales, and the U.S. system of government; to explore progressive and innovative techniques for campaign organization and outreach to the populace; to learn about programs involving youth participation in the political campaigning; and to promote dialogue between U.S. and future Turkish leaders.
May 12, 2010	1	Staff provided a Candidates' Training.
June 15, 2010	1	Staff provided a training on the filing of Statements of Economic Interests to the 2010-2011 Civil Grand Jury.
June 22, 2010	1	Staff provided a training on the Governmental Ethics Ordinance and the Ethics Commission's Statement of Incompatible Activities.
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